

EARTO Feedback on EARTO Members' Experiences with Lump-Sums Projects within Horizon Europe

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EARTO members are very active participants in the FPs, especially in complex and large collaborative applied RD&I projects. In turn, EARTO is a strong supporter of the European Commission's efforts towards simplification of the EU R&I Framework Programmes (FPs). However, all simplifications efforts should cover the full project life-cycle – from application to audit and benefit all – from the EU Commission to the projects and beneficiaries. In this context, EARTO members are actively participating in the current Horizon Europe lump-sums projects and report many implementation issues which need to be tackled before envisioning to further extend the use of such financial instrument.

Premature and Unsuitable for Collaborative RD&I Projects

The extension of lump-sum funding from the Horizon 2020 pilot to the Horizon Europe projects was not based on a full evaluation covering the whole life-cycle of the projects. While we understand the use of lump-sums is a simplification for the EC services, EARTO believes that the broader use of lump-sum funding is premature, especially for large collaborative applied research projects. Indeed, our members are experiencing a lack of genuine collaboration among partners in large projects working with lump-sums due to too many work packages and isolated task responsibilities aiming to minimise risks. EARTO calls for caution on widening the use of lump-sums in Horizon Europe Work programmes under the next Strategic Plan 2025-27.

More Guidance to Coordinators Needed

In the current implementation of lump-sums, EARTO welcomes the new EC approach to also finance not-finalised work packages at the end of a project. However, beneficiaries and projects' coordinators need sufficient written guidance regarding: 1) the necessary circumstances to be demonstrated so a work package would fall under this new approach and 2) how the EC will assess the percentage of fulfilment of said work package. Moreover, to ease the work of the coordinators, the EC could, under such new approach, clearly attribute the payment of a work package with the percentages to the different beneficiaries involved (i.e. not leaving it up to the consortium to distribute the funding among them). This way the coordinator would have clear specification which amount each beneficiary gets for a specific work package. This would avoid disputes among consortia members.

Higher Success Rates Needed to Align with Higher Ex-ante Costs Incurred during Proposal Making

In addition, EARTO would like to ask for a simplified proposal procedure for lump-sums to align costs versus benefits in proposal making (i.e. as higher success rates are not demonstrated for lump-sums proposals). Experiences of our members clearly show that lump-sum proposals are much more burdensome (e.g. increase length of the proposals) bringing to a higher level the ex-ante costs of proposal making for lump-sums projects.

Lump-sums Dashboard Tool for Evaluators To be Taken Down for Next Calls' Evaluation

Furthermore, the new [Lump-sum dashboard](#) developed by the EC for evaluators is completely inappropriate and should be taken down from the EC website while pending improvements. It currently instructs experts' evaluators to request specific justification regarding personnel costs in proposals in case the 80 percentile is reached or exceeded. The amounts used by the EC in this dashboard are currently checked by different stakeholders including EARTO and have been found completely inaccurate. EARTO members' feedback is clear: the average median amount is far too low (e.g. already demonstrated by German, Dutch or Belgium research performing organisations). Therefore, the EC should quickly modify its instructions to experts' evaluators and update the amounts of the dashboard to the average employers' gross personnel costs. Furthermore, the time span used is too wide as the dashboard uses costs for almost 10 years, which will be inevitably outdated as reference-value. Against the background of very high inflation, reference-values become outdated rather quickly and should therefore be adapted regularly. Finally, the dashboard data clearly need to be quality assured along a defined process in order to prevent reference data to become outdated or wrong and therefore would lead to unfair and unequal treatment of beneficiaries by evaluators.

The following table summarises the issues collected by our members involved in lump sum projects:

Phase	Issues
General	<ul style="list-style-type: none"> • Independent and transparent evaluation of the lump-sum pilots covering the whole project life-cycle is needed before drawing conclusions on the lump-sum approach for FP projects, including a differentiation between types and size of projects. • Unsuitable for large collaborative applied research projects. Our members are experiencing a lack of genuine collaboration among partners in large projects working with lump-sums due to too many work packages and isolated task responsibilities to minimise risks. • There are many issues still to be tackled before envisioning to further extend the use of such financial instrument. Consequently, the next step should strictly consist in a limited extension of the experiment while completing a full life-cycle analysis.
Proposal & Evaluation	<ul style="list-style-type: none"> • The lump-sums projects are more split into many slimmer work packages (e.g. up to 22 WPs in some cases) that are more independent from each other than for usual FP projects: beneficiaries trying to reduce financial risks. This is experienced as detrimental to the pan-EU collaborative aspect of FP projects, which is the clear added value of FP projects. • The choice of partners is made even more carefully to reduce the risk of defaulting partners possibly leading to reduced grant payments. This is seen as a barrier to welcome newcomers (particularly for small or not yet known organisations to already existing networks) in FP projects. • The cost and complexity of making proposals is increased: proposals need detailed work packages with breakdown into cost categories as of stage 1 (new tables with costs per type of cost and Work Package for each partner), which leads to an increased administrative burden at the proposal stage (e.g. 900 pages proposal and 47 pages for the cost breakdown in another proposal). • The new lump-sum dashboard developed by the EC for evaluators is inappropriate and should be taken down from the EC website while pending improvements. It currently instructs experts' evaluators to request specific justification regarding personnel costs in proposals in case the 80 percentile is reached or exceeded. The amounts used by the EC in this dashboard have been checked by different stakeholders including EARTO and have been found completely inaccurate. • The excel file provided for the budget calculation is too complicated: it does not provide a clear overview of the project budget and does not allow any flexibility (e.g. not allowing simple copying function).
Grant Preparation & Negotiations	<ul style="list-style-type: none"> • The Model Grant Agreement (MGA) does not include a procedure for approval of delivered Work Packages, which leads to unclarity regarding the qualitative evaluation of the deliverables. This creates uncertainty, it would be appreciated if a uniform process for this could be incorporated. • The Model Grant Agreement (MGA) includes a welcome clause that beneficiaries may exceptionally declare partial lump-sums shares that were not completed for the last reporting period when agreed by the EC. However, there is not yet a procedure or guidance available on when and how this exception is applicable. Further guidance is needed to increase legal certainty for beneficiaries on the necessary circumstances and how the EC will assess the percentage of fulfilment. It would also be very much welcome if the EC could also clearly attribute the payment of a work package with percentages to the different beneficiaries involved (i.e. avoiding extra administrative burden to the coordinators).
Consortium Agreement	<ul style="list-style-type: none"> • High dependency on consortium partners for the implementation of work packages and eligibility of costs. • The clauses on liability are the same as for regular H2020 projects: "<i>the beneficiaries are jointly & severally liable for the implementation of the action, financial liability is limited to the beneficiaries' own debts</i>". However, it is challenging to agree upon responsibilities & liabilities between beneficiaries in case (1) a work package is not approved by the EC or (2) a beneficiary (or even

	third party) is not able to perform its work for a specific work package. To solve this issue, further guidance in the Annotated Model Grant Agreement (AMGA).
Financial Aspects	<ul style="list-style-type: none"> • Underfinancing of the project is now possible: especially due to the current high inflation which has significantly increased costs. Hence, a backup financing becomes necessary. • Cuts of the planned budget were demanded by the EC without providing detailed information on the reasons. • Ethics work packages were added by the EC without additional funding.
Project Execution & Reporting	<ul style="list-style-type: none"> • Budget reallocation requires a contract amendment so that it can be controlled by EC, quite understandably. However, this creates extra administrative burden compared to regular FP projects. • Extra training to Project Offices on how to handle lump-sum projects would be welcome to harmonise the handling of those projects.
Audits	<i>Lump-sum pilot projects have not reached that stage yet. There should be no financial audits, however the methodology of technical audits is unclear.</i>

EARTO and its experts remain of course ready to further discuss their experiences with the EU institutions.

EARTO - European Association of Research and Technology Organisations

Founded in 1999, EARTO promotes RTOs and represents their interest in Europe. EARTO network counts over 350 RTOs in more than 31 countries. EARTO members represent 150,000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.

RTOs - Research and Technology Organisations

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